

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

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PA-01 PRS-01 /114 W

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R 151114Z JAN 76

FM AMEMBASSY BERN

TO SECSTATE WASHDC 1973

INFO AMEMBASSY BONN

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AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

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AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

RUDKGPKNVAMEMBASSY THE HAGUE 563

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

AMEHDASSY VIENNA

AMEMBASSY WELLINGTON

UNMISSION USUN NEW YORK 212

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TAGS: EFIN YDR SUBJ: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT  
(IFAD)

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REF: A. STATE 300294, B. BERN 0085

SUMMARY: SWISS GENERALLY SUPPORT THE US PRECEPTION OF THE OECD CONSENSUS BUT WOULD PREFER SOME CHANGESR; VOTING RATIOS, A REDUCTION IN THE NUMBER OF EXCEPTIONS TO MAJORITY RULE IN THE GOVERNING COUNCIL, AND IDENTIFICATION OF INDEPENDENT THIRD PARTY MONITORING INSTITUTIONS. GOS PARTICIPATION IN IFAD WILL BE DEPENDENT ON MAJOR OPEC CONTRIBUTION. SWISS WOULD LIKE TO SEE A HIGHER PROPORTION OF IFAD FUNDS USED FOR GRANTS.

1. EMBOFF MET WITH SWISS DIVISION OF COMMERCE OFFICIAL RESPONSIBLE FOR IFAD (SALADIN) ON JAN 14. SALADIN EXPRESSED APPRECIATION FOR USG PRECEPTION OF THE OECD CONSENSUS (REFTEL A) WHICH HE SAID WAS VERY USEFUL IN HELPING THE GOS TO FORMULATE ITS OWN POSITION. AFTER CONSULTATION WITH OTHER INTERESTED GOS AGENCIES, SALADIN SAID THE SWISS ARE IN GENERAL AGREEMENT WITH THE

USG BUT MADE THE FOLLOWING POINTS.

2. ON WEIGHTED VOTING, SALADIN SAID HE DID NOT RECALL THAT THE OCTOBER MEETING HAD SETTLED ON A PRECISE FIGURE OF THE PERCENTAGE OF GROUP A VOTES TO BE DISTRIBUTED EQUALLY AMONG ALL MEMBERS. THE GOS WOULD PREFER A SOMEWHAT HIGHER FIGURE THAN 17.5 PERCENT, SAY ABOUT 20 PERCENT, IN ORDER TO GIVE THE SMALLER COUNTRIES SUCH AS SWITZERLAND A BIT MORE WEIGHT IN GROUP A. THIS IS NOT AN ESSENTIAL POINT, HOWEVER, AND THE SWISS ARE PREPARED TO ACCEPT 17.5 PERCENT RATHER THAN CREATE PROBLEMS AT THE JAN 26 MEETING.

3. THE GOS AGREES THAT THE QUORUM FOR THE GOVERNING COUNCIL AND EXECUTIVE BOARD SHOULD BE CONSTITUTED BY GOVERNORS OR DIRECTORS EXERCISING TWO-THIRDS OF THE TOTAL VOTES OF ALL ITS MEMBERS. SALADIN SAID, HOWEVER, THAT REQUIRING THE PRESENCE OF GOVERNORS OR DIRECTORS EXERCISING ONE-HALF OF THE TOTAL VOTES IN EACH OF THE THREE GROUPS WOULD HINDER THE DECISION-MAKING ABILITY OF THE COUNCIL  
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AND BOARD. THE SWISS WOULD PREFER THAT ONE-THIRD OF THE TOTAL VOTES IN EACH GROUP BE THE REQUIREMENT FOR A QUORUM BUT, AGAIN, THIS IS NOT AN ESSENTIAL POINT.

4. WITH REGARD TO EXCEPTIONS TO MAJORITY RULE IN GOVERNING COUNCIL VOTING (PARA 5, REFTTEL A), SALADIN SAID THE SWISS WOULD LIKE TO KEEP EXCEPTIONS TO THE ABSOLUTE MINIMUM. HE REFERRED TO A LIST OF TEN EXCEPTIONS IN DOCUMENT IFAD/CERP 11 (CHAPT. 2, PARA 7E) AND SIAD THE FIRST TWO EXCEPTIONS (CALLIFICATION OF NEW MEMBERS AND

REVIEW OF RESOURCES) SHOULD NOT, IN THE SWISS VIEW, REQUIRE MORE THAN A MAJORITY VOTE.

5. ON A DIRECT LENDING, THE GOS AGREES THAT THE LIMITED EXCEPTION TO THE RULE THAT IFAD SHOULD OPERATE ONLY THROUGH EXISTING INSTITUTIONS QUOTED IN PARA 6, REFTEL A, IS THE MAXIMUM CONCESSION POSSIBLE. SALADIN BELIEVES THIS "SUBSTANTIAL" CONCESSION SHOULD NOT BE INTRODUCED UNTIL THE NEGOTIATION ESSSION IS WELL ALONG. THE SWISS ALSO BELIEVE THAT THE INDEPENDENT THIRD PARTY MENITORING INSTITUTIONS SHOULD BE CLEARLY IDENTIFIED. THE SWISS POSITION IS THAT SUCH MONITORING FUNCTIONS SHOULD BE LIMITED TO THE WORLD BANK, THE IBRD'S AFFILIATES, AND THE REGIONAL DEVELOPMENT BANKS.

6. SALADIN SAID THE SWISS ARE PREPARED TO ACCEPT DEMONINATION OF THE IFAD FUND IN EITHER DOLLARS OR SDRS, BUT CONTRIBUTION OF THE ONE BILLION FIGURE SHOULD BE EQUALLY DISTRIBUTED BETWEEN GROUPS A AND B. HE SAID THE SIZE OF THE SWISS CONTRIBUTION HAS NOT YET BEEN DETERMINED, BUT HE CONFIDENTIALLY TOLD THE EMBOFF THAT IT WOULD PROBABLY BE ABOUT SF 20 MILLION (DOLLARS 7.7 MILLION AT CURRENT EXCHANGE RATE). HOWEVER, IF THE TOTAL OPEC CONTRIBUTION SHOULD FALL SIGNIFICANTLY SHORT OF 500 MILLION, THE SWISS WOULD HAVE TO RECONSIDER THEIR PARTICIPATION IN IFAD. IN THIS REGARD, SALADIN EXPRESSED HIS PERSONAL DOUBTS THAT IFAD WILL COME INTO BEING DUE TO THE RELUCTANCE OF OPEC COUNTRIES. HE SAID THIS WOULD BE A SHAME AND HOPES THE U S IS SUCCESSFUL IN PERSUADING THE OPEC COUNTRIES TO PARTICIPATE FULLY.

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7. IN ADDITION TO THE ISSUES RAISED IN REFTEL A, SALADIN MENTIONED THAT THE ONE-EIGHTH LIMIT ON THE SHARE OF THE FUND TO BE USED FOR GRANTS IS TOO LOW. THE COUNTRIES RECEIVING IFAD MONEY ARE THOSE MOST IN NEED OF SOFT AID. ANOTHER CONSIDERATION, ACCORDING TO SALADIN, IS THAT GIVING LOANS INSURES THE EXISTENCE OF IFAD UNTIL THE LOANS ARE REPAYED; WITH GRANTS, IFAD COULD MORE EASILY BE DISSOLVED WHEN IT HAS OUTLIVED ITS USEFULNESS. THE SWISS WOULD PREFER TO HAVE NO FIXED LIMIT FOR GRANTS, WHICH SALADIN ADMITTED WAS PROBABLY NOT POSSIBLE, OR AT THE LEAST AN INCREASE IN THE GRANT SHARE.

8. THE GOS WILL BE REPRESENTED AT THE JAN 14 DAC MEETING BY THE PERMANENT SWISS DEL. THE SWISS DELEGATION TO THE JAN 26 WORKING GROUP MEETING WILL BE HEADED BY SERGE SALVI OF THE TECHNICAL ASSISTANCE DIVISION IN THE FOREIGN MINISTRY. SALADIN SAID THAT IT HAS NOT YET BEEN DECIDED WHETHER RESPONSIBILITY FOR IFAD AFFAIRS WILL REST

WITH THE DIVISION OF COMMERCE OR WITH THE FOREIGN OFFICE;  
HE INDICATED, HOWEVER, THAT IT WOULD PROBABLY BE THE  
FOREIGN OFFICE.  
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